

### REMARKS

It is disappointing to see the type of piecemeal examination evident in the Examiner's two Office Actions. Applicant understands that the Examiner may not want to allow a patent to a 'generalized online trading system', and has no quarrel with this point. However Applicant's position is that the claimed invention, when read properly, is for rather more than that.

Forfaiting is in many ways an arcane process that relies upon the use of Letters of Credit (L/C) issued by the importers bank to the exporter, which sells this receivable (negotiable instrument representing a deferred payment obligation by the importer and guaranteed by the importer's bank) onward with out recourse to the exporter and subsequent holders /owners of the asset. The underlying purpose of forfaiting is to provide a process that can be used to finance multiple payments over a long period of time. The process is complex and obscure to potential users and suffers from a number of drawbacks, including the cost of using the L/C on a transaction by transaction basis and the complexity of the accompanying paperwork. Those who practice forfaiting build up complex

knowledge bases about the parties and counterparties who might wish to deal, and those who wish to keep their dealings secret from each other. The whole arrangement is then further complicated by the existence of a secondary market in negotiable instruments underpinned (guaranteed) by the L/Cs. It takes experts many years to accumulate the experience necessary to successfully conclude these transactions.

The present invention is directed toward a web access trading platform that supports forfaiting, that is transactions involving both the export and import of physical goods, and in addition the trade in the secondary market.

One of the key features of the present invention is that it allows for pre-selection of classes of counterparties. This allows the parties to remain anonymous until they reach a point in negotiations at which both parties are comfortable revealing their identities.

Another key feature of the present invention is that it allows for pre-selection of classes of assets for a transaction. This allows, say, an agribusiness, to exclude from view offers concerning minerals.

A further key feature of the present invention as claimed is that the method and system is directly applicable to the assets of the secondary market as well as the physical assets that are exported and imported following activity in the primary market.

By contrast Tozzoli concerns a computer system that supports relatively simple single transactions that avoid the need for a "letter of credit" or similar instruments (see col. 3 and col. 10, 1.7-11). Instead a third party namely a "funder" guarantees payment (col.5, 1.35), sets credit limits for the buyers (col. 5, 1.61) and controls access to the system (col. 5, 1.47-60). As a result Tozzoli teaches away from the use of forfaiting.

The computer system of Tozzoli operates in a first mode to advertise its users' offerings, see col. 6, 1.45-47. In a second mode it provides a measure of filtering to find counterparties for offering on a bulletin board, see col. 6, 1.52-60, and to match criteria in the offers and counteroffers, see col. 6, 1.60 - col. 7, 1.5. However, there is no provision for the parties to develop a transaction while retaining anonymity.

There is no suggestion in Tozolli that the system could give rise to a secondary market since it is directed to supporting single transactions in a primary market only.

The invention of Tozolli does however involve the use of templates to support all parties to the transactions (col. 4, 1.50-55). Tozzoli describes operation of the system in a situation where a qualified seller places a tender on the system to advertise a prospective sale (col. 6; 1.45-47).

Much of the description of Tozolli then goes on to explain how "hidden terms" in the parties proposals are matched by the system without revealing them to the counterparty (col. 6, 1.48 -col. 7, 1.33). In fact the system can be used merely as an electronic document manager and does not include the use of payment guarantors (col. 12. 1.46-47).

The Examiner's objection to claim 1 concentrates on similarities between the use of templates in the present invention and the steps of using templates to assist in Tozzoli's processes. The Examiner then asserts that a combination of this teaching with Stroh renders the claimed invention obvious because "Stroh teaches a trade financing

method that includes forfeiting and utilizes the internet via a web site".

Stroh, in fact, teaches a novel "latent draft" (col. 6, 1.44) suitable for single transactions, where the draft is "activated" by a triggering event, such as a issuance of a physical waybill. Stroh mentions forfeiting only as a prior art alternative with undesirable characteristics. Therefore Stroh directly teaches away from use of forfeiting, see col. 4, 1.27-30 and provides an competing mechanism for avoiding the right of recourse, that is by separating it from the payment cycle, see col. 13, 1.10-11 [emphasis added].

Stroh also describes a secondary transaction, however, this secondary transaction is limited to the negotiation, by the seller, of a "pre-approved bankers acceptance", see for instance Figs. 7 and 8 and their accompanying description. [Note that bankers acceptances are utilized for tenors (time duration) up to 3 months. Forfeiting transactions can run up to 5 years in tenors (time duration). There is no description of any commercial exchange capable of managing both primary and secondary markets, and it is left to the seller to independently contact a commercial bank or financial institution to operate the secondary transaction, see col. 25, 1.6-15.

According to Stroh, Tozolli suffers from the drawback that it "does not appear to provide any new trade financing method or instrument which helps solve the problem of financing a buyer while reducing the seller's exposure to risk after the release of the product being traded." Stroh therefore also directly teaches against the use of Tozolli.

Both Tozolli and Stroh provide an alternative to the use of a forfaiting transactions as a means to finance a single transaction. Both documents therefore teach away from the use of forfaiting.

Even when the teachings of Tozolli and Stroh are combined the resulting teaching is directed to the provision of a system that facilitates single transactions, that are not forfaiting transactions. There is no description of a computerized exchange that supports the special requirements of forfaiting transactions, and both the primary and secondary market transactions that are an integral part of forfaiting.

#### Conclusion

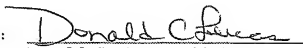
In view of the foregoing, it is respectfully submitted that the application is in condition for allowance, and

reconsideration and allowance are respectfully requested. Should any extensions of time or fees be necessary in order to maintain this Application in pending condition, appropriate requests are hereby made and authorization is given to debit Account # 02-2275.

Respectfully submitted,

LUCAS & MERCANTI, LLP

By:

A handwritten signature in dark ink, appearing to read "Donald C. Lucas", is written over a horizontal line.

Donald C. Lucas, 31,275  
Attorney for Applicant(s)  
475 Park Avenue South, 15<sup>th</sup> Floor  
New York, NY 10016  
Tel. # 212-661-8000

DCL/YDC